

BALANCE SHEET

(as of December 31, 2010)

ASSETS	2010
Loans	
Personal Loans	101,003,944
Real Estate Loans	14,864,614
Allowance for Loan Losses	(925,815)
Net Loans	114,942,743
Cash	2,934,651
Investments	
Federal Agency Securities	75,343,208
SW Corporate Federal Credit Union	48,652,024
Certificates of Deposit	3,756,000
National Credit Union Share	
Insurance Fund	2,163,998
Other Investments	1,363,014
Total Investments	131,278,244
Other Assets	
Land and Building	1,905,817
Other Fixed Assets	699,423
Accrued Interest	625,879
Prepaid Expense	650,459
Other Assets	144,470
TOTAL ASSETS	<u>\$253,181,686</u>
LIABILITIES	
Accrued Interest and Dividends	100,636
Accounts Payable	212,208
Accrued Expenses	298,499
Other Liabilities	136,564
Dormant Accounts	35,944
SHARES AND DEPOSITS	231,942,141
EQUITY	
Reserves	11,225,977
Undivided Earnings	8,834,111
Unrealized Gains (Losses) Avail for Sale	395,606
TOTAL LIABILITIES AND EQUITY	<u>\$253,181,686</u>

INCOME STATEMENT

(as of December 31, 2010)

INCOME	2010
Interest on Loans	7,136,708
Income from Investments	1,995,272
Other Income	1,784,225
TOTAL INCOME	10,916,205
EXPENSES	
Employee Compensation and Benefits	3,415,554
Travel and Conference Expense	23,423
Office Occupancy Expense	672,263
Office Operations Expense	1,299,720
Corporate Credit Union Expense	606,580
Educational and Promotional Expense	172,523
Loan Servicing Expense	471,117
Professional/Outside Services	590,953
Provision for Loan Losses	516,212
Member Insurance	612,434
Supervision Exams/Audits	37,059
Miscellaneous Expense	108,040
TOTAL EXPENSE	8,525,878
INCOME BEFORE DIVIDENDS	2,390,327
Dividends	1,748,836
Net Income	<u>\$641,491</u>

PECU Great Loan Rates and
Public Employees More Free Services!
Credit Union

Visit us at www.pecutx.org

INTERNET ADDRESS

www.pecutx.org

MAILING ADDRESS

P.O. Box 2205
Austin, TX 78768-2205

PECU LOCATIONS

Main Office

306 E. 10th St.
P.O. Box 2205
Austin, TX 78768-2205
Tel: 512.474.1955
Fax: 512.474.2731

Central Branch

1200 W. 42nd St.
Austin, TX
Fax: 512.451.5170

Walnut Creek Branch

8013 Centre Park Dr.
Austin, TX
Fax: 512.837.7998

Oak Hill Branch

5838 Hwy. 290 West
Austin, TX
Drive Thru Branch

Round Rock Branch

901 Round Rock Ave.
Round Rock, TX 78681
Fax: 512.255.4234

Beaumont Branch

4241 Eastex Freeway
P.O. Box 7430
Beaumont, TX
77726-7430
Tel: 409.892.3171
Fax: 409.892.7763

PECU
Public Employees
Credit Union

2010 Annual Report

**GREAT LOAN
RATES and
MORE FREE
SERVICES!**

Proudly serving you since 1952

2011 Annual Meeting Agenda

- I. Call Meeting to order
- II. Ascertain that a quorum is present
- III. Appoint Recording Secretary and establish rules and procedures for Meeting
- IV. Minutes of the 2010 Annual Meeting
- V. Reports
 - A. Board of Directors – Hal ten Brink
 - B. President – Gary Whitcomb
- VI. Unfinished business, if any
- VII. New business
- VIII. Report of the Nominating Committee
- IX. Elections
- X. Door Prizes
- XI. Adjourn

2010 Annual Meeting Minutes

Chairman Hal ten Brink called the Annual Meeting to order on March 1, 2010 at 7:00 pm at the Embassy Suites North in Austin, Texas. There were 119 members present. It was ascertained that a quorum was present. Connie Frazier was appointed Recording Secretary. Sharon Harris moved to dispense with the reading of the minutes of the Annual Meeting held on March 2, 2009 and that the minutes be approved as printed. Lois Corenblieth seconded the motion. The motion carried.

Reports

Chairman ten Brink referred to the Board of Directors report as printed in the Annual Report and asked if there were any questions. There were no questions. Gary Whitcomb presented the President's Report and introduced the senior management staff to the members. Mr. Whitcomb highlighted some of the services that are offered and reminded members of the credit union's increased hours of operation that enable PECU to be more available for its members. Mr. Whitcomb reported even though the economy was in the worst shape it has been in since the Great Depression, PECU continued to loan money

and help its members with their financial services needs. Gary Whitcomb also commented that bank customers, dissatisfied with their accounts at banks, have been bringing their deposits to credit unions because of the safety and security that credit unions like PECU provide to their members. Mr. Whitcomb thanked the members for the trust they place in their Credit Union and promised the members that PECU will always be there for its members.

Unfinished Business

There was not any unfinished business.

New Business

Chairman ten Brink stated there was one incumbent running for office and one new candidate to fill an open position. Randy Mercer has elected not to run for the Board of Directors. Chairman ten Brink presented the incumbent Lanny Wadle. Chairman ten Brink also presented a new candidate for the Board of Directors, Claire McGuinness. Both presented a short speech to the membership. Chairman ten Brink asked for nominations from the floor. There were none. Diane Key moved that the incumbent and the candidate be elected by acclamation. Betty Blomquist seconded the motion. The motion carried.

Door Prizes

Twenty door prizes of \$25.00 each in PECU zipper bags were given to members whose tickets were drawn.

Meeting Adjourned

The meeting adjourned at 8:00 pm.

Board of Directors Report

Public Employees Credit Union has been assisting members of this community with their financial services needs since 1952. Nothing that has occurred with the economic difficulties that we have all experienced over the last few years has altered our resolve to help our members and our community. Our commitment to our mission has

never been stronger. That mission is to provide quality financial products and services at the greatest value to our members in a professional and personal manner while maintaining financial strength and stability. Your credit union has prospered through the worst of times and will continue to get stronger throughout the coming years.

2010 has proven to be a year of distinct service improvements and accomplishments. The past year will help to provide a sturdy platform on which we can position ourselves and move forward for the benefit of our members. Credit Unions are a strong part of the financial community because we put people before profits. Our driving principle has always been "people helping people" and we will continue to work very hard to see our members succeed.

During 2010, we continued to help members with their lending and deposit needs. Total assets on December 31, 2010 totaled \$253,181,686 and increased \$10,658,948 during 2010. Total member deposits on December 31, 2010 totaled \$231,942,141 and increased \$11,651,643 during 2010. PECU continued to help members by loaning money throughout 2010 at highly competitive rates. Total loans outstanding to members totaled \$115,868,558.

Every member has at least \$500,000 of their deposits insured by the federal government and a private insurer. Each member's deposits are insured to at least \$250,000 and are backed by the full faith and credit of the United States government. PECU purchases another \$250,000 per member of private insurance at no cost to our members.

Regardless of what method you choose to conduct business with us: in person, over the internet, over the telephone, or at one of the more than 4,200 shared branches across the world, PECU is diligently working to serve you better. During 2010, new services were introduced and existing services were improved.

You can visit www.cuservicecenter.com to search for any of the more than 4,200 shared branch locations where you can conduct credit union business just as if you were in a PECU branch. Visit www.freecuatms.org to search and get directions to any of the more than 260 totally free Alliance of Austin Credit Union's ATMs.

Your Board of Directors is composed of unpaid volunteers that represent you, the member-owners of PECU. We willingly serve on the Board for PECU because we believe in the Credit Union system, a financial cooperative system of which we are proud to be a part. We understand and appreciate the trust and faith you have placed in us. We will work diligently on your behalf to maintain the continued financial strength of PECU.

The Board would like to thank the entire staff of PECU for their passionate commitment to serving the members of PECU. Together we can all work to maintain the health and prosperity of our credit union.

Board Members

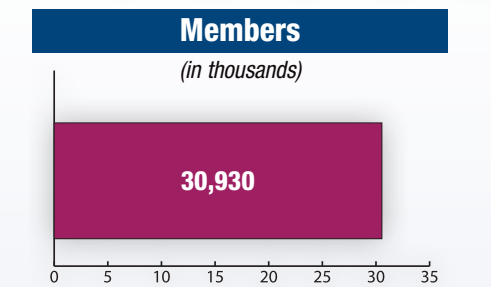
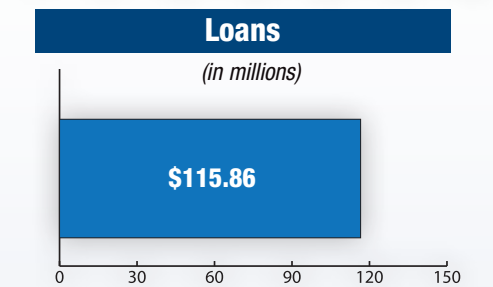
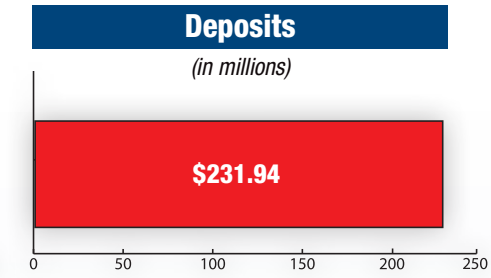
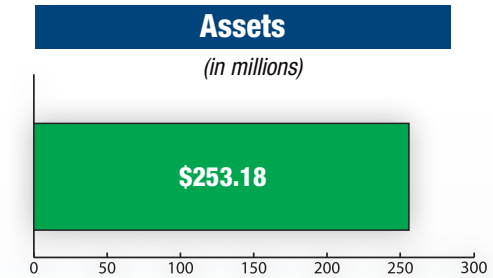
Hal ten Brink, Chair
David Burrell, Vice Chair
Diana Isabel
Lanny Wadle
Jennifer Soldano
Claire McGuinness

Audit Report

The Texas Credit Union Department, in conjunction with the National Credit Union Administration conducted the regulatory examination of Public Employees Credit Union as of September 30, 2009.

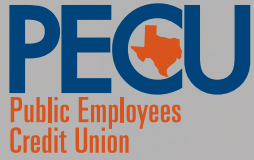
Nearman, Maynard, and Vallez, a certified public accounting firm, conducted their annual audit as of March 31, 2010. Nearman, Maynard, and Vallez issued an unqualified opinion and certified the accuracy of Public Employees Credit Union's financial statements.

AT-A-GLANCE



PECU in Pictures





- Chairman
- Vice Chairman
- Treasurer
- Assistant Treasurer
- Secretary
- Assistant Secretary
- Board Member

Terms of PECU Board of Directors

Hal ten Brink	Term expires in 2014
David Burrell	Term expires in 2014
Diana Isabel	Term expires in 2012
Jennifer Soldano	Term expires in 2012
Lanny Wadle	Term expires in 2013
Tommy Gregg	Term expires in 2014
Claire McGuinness	Term expires in 2013

Overview of Significant Changes

Debbie Guidry became PECU's Chief Financial Officer in January of 2011 replacing Derrick Peterson, who left in 2010.

A change to PECU's bylaws concerning the election of Board members was approved by the Credit Union Department of the State of Texas on June 1, 2010. The nominating committee will file its nominations with the secretary of the Board at least 90 days prior to the annual meeting. Nominations for Board vacancies may also be made by petition signed by at least 1% of the number of outstanding members. Members should contact the President or PECU's General Counsel for clarification of the petition rules.

New Services Added

- PECU Zoo Crew kids savings accounts
- Club Bling teen savings and checking accounts
- e-Deposits (remote deposit capture) allows members to deposit checks from their home or office without having to come to any of the branches
- A new award-winning website was added
- New website loan application system with instant loan decisions
- New electronic signature pads and laser printed checks for transactions
- Added two new ATMs